

Rule 967.1NY(a)(3) will provide for price protection for Market Maker bids in put options. In particular, any Market Maker bid for put options will be rejected if the price of the bid is equal to or greater than the strike price of the option.<sup>18</sup>

The Exchange also has proposed that when a Market Maker quote is rejected pursuant to paragraph (a)(2) or (a)(3) of the proposed rule, the Exchange will also cancel all resting quote(s) in the affected class(es) from that Market Maker and will not accept new quote(s) in the affected class(es) until the Market Maker submits a message (which may be automated) to the Exchange to enable the entry of new quotes.<sup>19</sup>

### B. Implementation

The Exchange stated that it would announce the implementation date of the proposed rule change in a Trader Update and publish such announcement at least 30 days prior to implementation.

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with section 6(b) of the Act.<sup>20</sup> In particular, the Commission finds that the proposed rule change is consistent with sections 6(b)(5) of the Act,<sup>21</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in

already opened will provide the most accurate benchmark because the market is most liquid during Core Trading Hours. See Notice, *supra* note 3, at 1981.

<sup>18</sup> The Exchange states that the value of a put can never exceed the strike price of the option, even if the stock goes to zero. For example, a put with a strike price of \$50 gives the holder the right to sell the underlying security for \$50 (no more, or no less), therefore the Exchange states that it would be illogical to pay \$50 or more for the right to sell that underlying security, no matter what the price of the underlying security. See Notice, *supra* note 3, at 1981. See also Amendment No. 1, *supra* note 4.

<sup>19</sup> See proposed Exchange Rule 967.1NY(b). The Exchange believes that this temporary suspension from quoting in the affected option class(es) would operate as a safety valve that forces Market Makers to re-evaluate their positions before requesting to re-enter the market. See Notice, *supra* note 3, at 1981. See also Notice, *supra* note 3, at 1981 for examples illustrating how proposed Exchange Rule 967.1NY(a)(2) and (a)(3) would operate.

<sup>20</sup> 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The proposed rule change provides a price protection mechanism for quotes entered by a Market Maker when an NBBO is available that are priced a specified dollar amount or percentage through the last sale or prevailing contra-side market, which the Exchange believes is evidence of error. The Commission believes that the proposed price protection mechanism is reasonably designed to promote just and equitable principles of trade by preventing potential price dislocation that could result from erroneous Market Maker quotes sweeping through multiple price points resulting in executions at prices that are through the last sale price or NBBO.<sup>22</sup>

The Exchange's proposed use of benchmarks to check the reasonability of Market Maker bids for call and put options affords a second layer of price protection to Market Maker quotes. The Commission believes that the additional price reasonability check on Market Maker bids that are priced equal to or greater than the price of the underlying security for call options, and equal to or greater than the strike price for put options, is reasonably designed to operate in manner that would remove impediments to and perfect the mechanism of a free and open market and protect investors and the public interest. Further, the Commission notes the Exchange's belief that the additional risk controls that result in the cancellation of a Market Maker's resting same side quote and/or the temporary suspension a Market Maker's quoting activity in the affected option class(es), as applicable, provide market participants with additional protection from anomalous executions.<sup>23</sup>

Accordingly, the Commission believes that the proposed price protection for Market Maker quotes is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in

general, to protect investors and the public interest.

### IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>24</sup> that the proposed rule change (SR-NYSEMKT-2014-116), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

#### In the Matter of Black Sea Metals, Inc., GigaBeam Corp., Safe Technologies International, Inc., and Whitemark Homes, Inc.; Order of Suspension of Trading

March 5, 2015.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Black Sea Metals, Inc. because it has not filed any periodic reports since the period ended May 31, 2012.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of GigaBeam Corp. because it has not filed any periodic reports since the period ended September 30, 2007.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Safe Technologies International, Inc. because it has not filed any periodic reports since the period ended December 31, 2010.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Whitemark Homes, Inc. because it has not filed any periodic reports since the period ended September 30, 2012.

The Commission is of the opinion that the public interest and the protection of

<sup>22</sup> See Notice, *supra* note 3, at 1981.

<sup>23</sup> See Notice, *supra* note 3, at 1982.

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 17 CFR 200.30-3(a)(12).

investors require a suspension of trading in the securities of the above-listed companies.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed companies is suspended for the period from 9:30 a.m. EST on March 5, 2015, through 11:59 p.m. EDT on March 18, 2015.

By the Commission.

**Jill M. Peterson,**

*Assistant Secretary*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74433; File No. SR-NYSEArca-2015-02]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Amendments to NYSE Arca Equities Rule 8.600 to Adopt Generic Listing Standards for Managed Fund Shares

March 4, 2015.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on February 17, 2015, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to amend NYSE Arca Equities Rule 8.600 to adopt generic listing standards for Managed Fund Shares. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

#### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included

statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

#### A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend NYSE Arca Equities Rule 8.600 to adopt generic listing standards for Managed Fund Shares. Under the Exchange’s current rules, a proposed rule change must be filed with the Securities and Exchange Commission (“SEC” or “Commission”) for the listing and trading of each new series of Managed Fund Shares. The Exchange believes that it is appropriate to codify certain rules within Rule 8.600 that would generally eliminate the need for such proposed rule changes, which would create greater efficiency and promote uniform standards in the listing process.

##### Background

Rule 8.600 sets forth certain rules related to the listing and trading of Managed Fund Shares.<sup>4</sup> Under Rule 8.600(c)(1), the term “Managed Fund Share” means a security that:

(a) represents an interest in a registered investment company (“Investment Company”) organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company’s investment adviser (hereafter “Adviser”) consistent with the Investment Company’s investment objectives and policies;

(b) is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value; and

(c) when aggregated in the same specified minimum number, may be redeemed at a holder’s request, which

<sup>4</sup> See Securities Exchange Act Release No. 57619 (April 4, 2008), 73 FR 19544 (April 10, 2008) (SR-NYSEArca-2008-25) (order approving NYSE Arca Equities Rule 8.600 and listing and trading of shares of certain issues of Managed Fund Shares) (the “Approval Order”). The Approval Order approved the rules permitting the listing and trading of Managed Fund Shares, trading hours and halts, listing fees applicable to Managed Fund Shares, and the listing and trading of several individual series of Managed Fund Shares.

holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined net asset value.

Effectively, Managed Fund Shares are securities issued by an actively-managed open-end Investment Company (i.e., an actively-managed exchange-traded fund (“ETF”). Because Managed Fund Shares are actively-managed, they do not seek to replicate the performance of a specified passive index of securities. Instead, they generally use an active investment strategy to seek to meet their investment objectives. In contrast, an open-end Investment Company that issues Investment Company Units (“Units”), listed and traded on the Exchange pursuant to NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that generally correspond to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

All Managed Fund Shares listed and/or traded pursuant to Rule 8.600 (including pursuant to unlisted trading privileges) are subject to the full panoply of Exchange rules and procedures that currently govern the trading of equity securities on the Exchange.<sup>5</sup>

In addition, Rule 8.600(d) currently provides for the criteria that Managed Fund Shares must satisfy for initial and continued listing on the Exchange, including, for example, that a minimum number of Managed Fund Shares are required to be outstanding at the time of commencement of trading on the Exchange. However, the current process for listing and trading new series of Managed Fund Shares on the Exchange requires that the Exchange submit a proposed rule change with the Commission. In this regard, Commentary .01 to Rule 8.600 specifies that the Exchange will file separate proposals under Section 19(b) of the Act (hereafter, a “proposed rule change”) before listing and trading of [sic] shares of an issue of Managed Fund Shares.

##### Proposed Changes to Rule 8.600

The Exchange would amend Commentary .01 to Rule 8.600 to specify that the Exchange may approve Managed Fund Shares for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to SEC Rule 19b-4(e) under the Act, which pertains to derivative securities products (“SEC Rule 19b-4(e”).<sup>6</sup> SEC Rule 19b-4(e)(1)

<sup>5</sup> See Approval Order, *supra* note 4, at 19547.

<sup>6</sup> 17 CFR 240.19b-4(e). As provided under SEC Rule 19b-4(e), the term “new derivative securities

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.